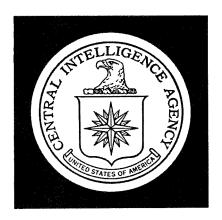


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DIRECTORATE OF INTELLIGENCE

Intelligence Report

Weekly Report
Prepared Exclusively for the
Senior Interdepartmental Group

Secret 44

13 February 1967 No. 0397/67

Secret

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1. WARSAW PACT

The pact foreign ministers met in Warsaw on 8-10 February to discuss changes in the European scene since their conference in Bucharest last July.

The terms and tone of the brief communiqué issued at the conclusion of the talks suggest that the participants differed rather sharply on some of the subjects discussed.

The principal disagreement almost certainly was the refusal of some Eastern European states to accept Moscow's prescriptions for recognition of West Germany: that Bonn must first recognize East Germany and the Oder-Neisse border and formally reject the use of nuclear weapons for all time.

East Germany, probably with the backing of Poland and the USSR, undoubtedly urged the others not to follow Rumania's example in rushing to recognize Bonn, virtually without preconditions. Hungary and Bulgaria have been expected to follow Bucharest's lead shortly, and initial discussions with the West Germans have been undertaken by Czechoslovakia. It is not likely that the Warsaw meeting will deter either the Hungarians or the Bulgarians, although the latter may insist on the proviso that the Germans help them ease the imbalance in their foreign trade.

Rumania, which announced recognition of West
Germany on 1 February, was piqued by East Germany's
sharp criticism of its action, and had refused to
attend the meeting if it was held in East Berlin or
if Rumanian policy was to be criticized in any way.
Wary to the end, Bu <u>charest sent a deputy foreign</u>
minister to Warsaw.

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2. INDIA-PAKISTAN

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Relations between India and Pakistan have neither improved nor seriously deteriorated in recent months as both sides wait out the Indian elections (15-21 February).

The chances for some progress in resolving the issues between them after the elections are still minimal, and serious electoral losses by the Congress Party--particularly to the more nationalist right-wing opposition--could make the Indian Government even more wary of significant concessions to Pakistan. The Indians will not discuss the possible transfer to Pakistan of any territory they now hold in Kashmir, and the Pakistanis insist that some progress toward a "solution"--presumably involving a plebiscite in Kashmir--is essential to any over-all reduction in tensions.

The Tashkent Declaration of January 1966 called for meetings at the ministerial level. The last of these, however, was in March 1966. Subsequent attempts throughout the summer to establish the ground rules for a further meeting collapsed, as did efforts last fall to start secret diplomatic negotiations.

Under US urging, both governments have indicated a willingness to explore the possibility of an arms limitation agreement, but have made no moves to do so. One bright spot in this otherwise gloomy picture was an agreement in September between the two army commanders in chief which regulated various border matters and reduced the likelihood that isolated incidents could spark a major conflict.

During January 1967 US soundings in both countries indicated the promise of a mild thaw in relations. Although this prospect was threatened in early February by the downing of a Pakistani civilian plane over India and by a skirmish between border patrols, these incidents have been played down by both governments, and the way is still open for possible new attempts to resolve differences in the postelection period.

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